

Remarks at the Senate Democratic Policy Committee Issues Conference and a Question-and-Answer Session February 3, 2010

The President. Thank you. Listen, you guys had to listen to me at the State of the Union, or at least pretend to listen to me. [*Laughter*] So I'll try to keep it relatively brief, some opening remarks and then open it up for questions.

First of all, I just want to thank Harry Reid. And I recently said he's got one of the toughest jobs in Washington, managing an institution that by its very nature is, let's face it, you guys are a little difficult to manage. I've been a part of this caucus. I really don't think anybody could have done a better job under more trying circumstances than Harry Reid. And I think he deserves a huge round of applause.

Now, let me start by saying, we always knew this was going to be a difficult year to govern, an extraordinarily difficult year to govern. We began 2009 with a financial system on the brink of collapse, an economy bleeding nearly 700,000 jobs per month, a \$1.3 trillion deficit, and two wars that were costly in every sense of the word. And we knew that solutions wouldn't come easily or come quickly. We knew that the right decisions would be tough and sometimes they would be unpopular. And we knew that we might have to make them sometimes without any help from our friends on the other side of the aisle.

But we made those decisions. We led. Those actions prevented another great depression; they broke the back of a severe recession. The economy that was shrinking by 6 percent a year ago is now growing at nearly 6 percent 1 year later. That's because of the work that you did.

Harry listed some of the work that you did on behalf of the American people, even under these difficult circumstances: extending health insurance to 4 million children, protecting consumers from getting ripped off by their credit card companies and kids being targeted by big tobacco. Some things that weren't noted or didn't get a lot of attention: You reformed defense spending by eliminating waste and saved taxpayers billions while keeping us

safe at the same time. You gave billions of dollars of tax relief to small businesses and 95 percent of working families here in America.

You did all this despite facing enormous procedural obstacles that are unprecedented. You may have looked at these statistics: You had to cast more votes to break filibusters last year than in the entire 1950s and sixties combined. That's 20 years of obstruction packed into just 1. But you didn't let it stop you.

As Harry mentioned, though, our mission is far from accomplished, because while the worst of the storm has passed, far too many Americans are still hurting in its wake. I know you've seen it back home in the shuttered businesses, the foreclosed homes, you've heard it from constituents who are desperate for work, and we've seen it in the burdens that families have been grappling with long since this recession hit, issues that we've been talking about now for years: the burden of working harder and longer for less, of being unable to save enough to retire or to help a kid with college expenses, the extraordinarily constant rising costs of health care.

These problems haven't gone away. It's still our responsibility to address them. All that's changed in the last 2 weeks is that our party's gone from having the largest Senate majority in a generation to the second largest Senate majority in a generation. And we've got to remember that. There was apparently a headline after the Massachusetts election; the *Village Voice* announced that Republicans win a 41–59 majority. [*Laughter*] It's worth thinking about. We still have to lead.

Saving and creating jobs have to continue to be our focus in 2010. Last year, we gave small business, the engines of job creation, tax relief, and expanded lending through the SBA. Now, I don't know if you are aware that SBA loans have gone up 70, 80 percent, which, by the way, indicates the degree to which there is still huge demand among small businesses. Some of the banks are saying, "Well, we're not lending because there's not as much demand out

there.” There are a lot of small businesses that are hungry for loans out there right now. And we’ve made progress, but they’re still struggling. So I’ve proposed additional ideas to help small businesses start up and hire, to raise wages and expand, and to get the credit they need to stay afloat. Now, you’ve made some of these same proposals as well. We should put them into action without delay.

We’ve invested in America’s infrastructure, rebuilding roads and bridges and ports and railways and putting people to work strengthening our communities and our country. And as you know, the Recovery Act was designed so that a lot of that work is going to be taking place this year, not just last year. Many of the projects you funded come on line in the next 6 months. But we can do more, and we should do so without delay.

Through the investments you made in clean energy startups, we’ve not only helped put Americans to work, we’re on track to double our Nation’s capacity to generate renewable energy over the next few years. I’ve proposed additional tax credits that will promote private sector hiring and energy conservation. We should do that without delay.

I think ideas like this should be pretty palatable to the other party. They seem pretty common sense, pretty centrist. We should be able to hear their ideas as well. That’s why I spoke to the Republican caucus last Friday. I think it was to the country’s benefit that we had an open and frank discussion about the challenges facing the American people and our ideas to solve them. I got to admit, I had a little fun at that caucus. *[Laughter]*

Now, obviously, on some issues, we didn’t agree. But on some, we did. And I’m reminded that when it came to health insurance reform in particular, I sought out and supported Republican ideas from the start; so did you. Max Baucus—where’s Max? I think he can testify to spending a little time listening to Republican ideas; so can Chris Dodd and Tom Harkin. You considered hundreds of Republican amendments and incorporated many of their ideas into the legislation that passed the Senate. So when I start hearing that we should accept Republi-

can ideas, let’s be clear: We have. What hasn’t happened is the other side accepting our ideas.

And I told them I want to work together when we can, and I meant it. I believe that’s the best way to get things done for the American people. But I also made it clear that we’ll call them out when they say they want to work with us and we extend a hand and get a fist in return.

Last week, for example, you put up for a vote a bill I supported, Conrad-Gregg fiscal commission. We were assured this was going to be bipartisan, only to see seven Republicans who cosponsored the idea in the first place suddenly decide to vote against it.

Now, I’m open to honest differences of opinion, but what I’m not open to is changing positions solely because it’s good short-term politics. And what I’m not open to is a decision to stay on the sidelines and then assign blame. I’ve little patience for the kinds of political calculations that says the cost of blocking everything is less than the cost of passing nothing, that basically says, “If you lose, I win.” That’s been the politics in Washington for too long, and the problem is, it leaves the American people out of the equation.

So I would just suggest to this caucus, if anybody is searching for a lesson from Massachusetts, I promise you the answer is not to do nothing. The American people are out of patience with business as usual. They’re fed up with a Washington that has become so absorbed with who’s up and who’s down that we’ve lost sight of how they’re doing. They want us to start worrying less about keeping our jobs and more about helping them keep their jobs.

And they want to see their business done in an open and transparent way. When we took back the Senate in 2007, we did so in part because we made a case that we’d be better on ethics and transparency. And we backed that up by passing the most sweeping ethics reforms since Watergate and by beginning to address earmark abuse. We should be proud of those accomplishments. But if we’re going to erase that deficit of trust that I mentioned at the State of the Union, we’re still going to have to do more.

Now, that’s why I’ve proposed that we work together to make all earmark requests public,

on one central web site, before they come up for a vote and to require lobbyists to discuss details of their contacts on behalf of their clients with the administration or with Congress. That's why, working with people like Dick Durbin, who's been vocal on this for a long time, we've got to confront the gaping loophole that the Supreme Court recently opened in our campaign finance laws that allowed special interests to spend without limit to influence American elections.

We've also got to get back to fiscal responsibility. And I spoke about this at the State of the Union. Just 10 years ago, America had a budget surplus of over \$200 billion. Remember, people were worried about what might happen with all these surpluses and whether it would create problems in the financial markets. That was just a decade ago.

After two wars, two tax cuts, prescription drug program, none of which were paid for, we faced a deficit of over a trillion dollars, a debt over the next decade of \$8 trillion, before my administration spent a single dollar.

Now, we can't change the past, but we can change the future. That's why I'm asking you to adopt a freeze in nonsecurity discretionary spending for the next 3 years, starting next year. We're still having a tough time right now, given the economy is just starting to pick up steam, but starting next year.

That's why I'm grateful that all of you restored the PAYGO rules that worked so well in the 1990s. I already mentioned the fiscal commission. We may not have been able to get the votes for a statutory commission, but we're going to—I am going to appoint a commission by Executive order, because it's important for us to take these issues seriously, not just for us but for our children and our grandchildren.

Let me just wrap up by saying this: I know these are tough times to hold public office. I'm there in the arena with you. The need is great. The anger and the anguish are intense. The economy is massive, and so, as a consequence, no matter what levers and buttons we press, sometimes it doesn't move as quickly as is needed to provide relief to so many of our constituents. In that kind of circumstance, I think

the natural political instinct is to tread lightly, keep your head down, and to play it safe.

I've said this before to this caucus; I just want to say it again. For me, it is constantly important to remind myself why I got into this business in the first place, why I'm willing to be away from my family for big stretches at a time, the financial sacrifices that so many of you have made, being subject to criticism constantly. Yes, you don't get in this for the fame. You don't get in it for the title. You get in it because somewhere in your background, at some point in time, you decided there was an issue that was so important that you were willing to stand up and be counted. You were going to fight for something. And you decided you were going to run as a Democrat because there was a core set of values within the Democratic Party about making sure that everybody had a fair shot, making sure that middle class folks were treated fairly in our economy, making sure that those who were on the outside had a way in, that led you to get involved in public service.

And that's what we have to remind ourselves, especially when it's hard—especially when it's hard. You look at an issue right now like health care. So many of us campaigned on the idea that we were going to change this health care system. So many of us looked people in the eye who had been denied because of a preexisting condition, or just didn't have health insurance at all, or small-business owners in our communities who told us that their premiums had gone up 25 percent or 30 percent, and we said we were going to change it.

Well, here we are with a chance to change it. And all of you put extraordinary work last year into making serious changes that would not only reform the insurance industry, not only cover 30 million Americans, but would also bend the cost curve and save a trillion dollars on our deficits, according to the Congressional Budget Office. There's a direct link between the work that you guys did on that and the reason that you got into public office in the first place.

And so as we think about moving forward, I hope we don't lose sight of why we're here. We've got to finish the job on health care.

We've got to finish the job on financial regulatory reform. We've got to finish the job even though it's hard.

And I'm absolutely confident that if we do so in an open way, in a transparent way, in a spirit that says to our political opponents that we welcome their ideas, we are open to compromise, but what we're not willing to do is to give up on the basic notion that this Government can be responsive to ordinary people and help give them a hand up so they can achieve their American Dreams, we will not give up that ideal, if that's where we go, I'm confident that politics in 2010 will take care of themselves.

Harry, thank you very much. Let me turn it over to questions. Thank you.

Senator Harry M. Reid. First question, Arlen Specter. And let me tell everyone, people have come to me and indicated they wanted to ask questions. I've taken a list of those. Arlen Specter is first.

Trade

Senator Arlen Specter. Mr. President, I begin by applauding your decision to place the economy at the top of the agenda, to put America back to work and to provide jobs, jobs, jobs.

[At this point, Sen. Specter made brief remarks, concluding as follows.]

The first part of my question is, would you support more effective remedies to allow injured parties—unions which lose jobs, companies which lose profits—by endorsing a judicial remedy, if not in U.S. courts perhaps in an international court, and eliminate the aspect of having the ITC decisions overruled by the President, done four times in 2003 to 2005, at a cost of a tremendous number of jobs on the basis of the national interest. And if we have an issue on the national interest, let the Nation pay for it, as opposed to the steel industry or the United Steel Workers.

And the second part of the question, related, is, when China got into the World Trade Organization, a matter that 15 of us in this body opposed, there were bilateral treaties. And China has not lived up to its obligations to have its markets open to us, but take our markets and

take our jobs. Would you support an effort to revise, perhaps even revoke, those—that bilateral treaty, which gives China such an unfair trade advantage? Thank you.

The President. Arlen, I would not be in favor of revoking the trade relationships that we've established with China. I have shown myself during the course of this year more than willing to enforce our trade agreements in a much more serious way. And at times, I've been criticized for it. There was a case involving foreign tires that were being sent in here, and I said this was an example of where we've got to put our foot down and show that we're serious about enforcement. And it caused the usual fuss at the international level, but it was the right thing to do.

Having said that, I also believe that our future is going to be tied up with our ability to sell products all around the world, and China is going to be one of our biggest markets, and Asia is going to be one of our biggest markets. And for us to close ourselves off from that market would be a mistake.

Now, the point you're making, Arlen, which is the right one, is it's got to be reciprocal. So if we have established agreements in which both sides are supposed to open up their markets, we do so and then the other side is imposing a whole set of nontariff barriers in place, that's a problem. And it has to be squarely confronted.

So the approach that we're taking is to try to get much tougher about enforcement of existing rules, putting constant pressure on China and other countries to open up their markets in reciprocal ways.

One of the challenges that we've got to address internationally is currency rates and how they match up to make sure that our goods are not artificially inflated in price and their goods are artificially deflated in price. That puts us at a huge competitive disadvantage.

But what I don't want to do is for us as a country, or as a party, to shy away from the prospects of international competition, because I think we've got the best workers on Earth, we've got the most innovative products on Earth, and if we are able to compete on an even playing field, nobody can beat us. And by the

way, that will create jobs here in the United States.

If we just increased our exports to Asia by a percentage point, by a fraction, it would mean hundreds of thousands, maybe millions, of jobs here in the United States. And it's easily doable. And that's why we are going to be putting a much bigger emphasis on export promotion over the next several years. And that includes, by the way, export promotion not just for large companies, but also for medium-size and small companies, because one of the challenges—I was up in New Hampshire yesterday, and you saw this terrific new company that had just been started up. It's only got 13, 14 employees at this point. But it has a new manufacturing technique for the component parts in LED light bulbs, potentially could lower the price of LED light bulbs, cut them in half.

And these folks, they potentially could market not just here in the United States, but this is a technology that could end up being sent all around the world. But they don't have the money to set up their own foreign office in Beijing to navigate through the bureaucracy. They've got to have some help being over there. And so that's one of the things that we really want to focus on in this coming year, is making sure that our export-import banks, our trade offices, that we are assisting not just the big guys, although, we do want to help them, but also the medium-sized and small businesses that have innovative products that could be marketed if they just got a little bit of help and a little bit of push from the United States Government. All right.

Sen. Reid. Sir, Michael Bennet, Colorado.

Congress/Transparency in Government/Health Care Reform/Media Spin

Senator Michael F. Bennet. Thanks for coming, Mr. President. It's good to see you. You talked in the State of the Union very well about a number of the challenges that we face as a country, which are serious. I mean, even before we were driven into the worst recession since the Great Depression, the last period of economic growth in this country's history was the first time middle class family income actu-

ally fell during a period of economic growth; no net jobs created since 1998; household wealth the same at the end of the decade as it was at the beginning; and an education system that's not working well enough for our kids. And on top of everything else, got a \$1.4 trillion deficit and \$12 trillion of debt.

I was saying that the other day, by the way, in Colorado, and I was talking about how our kids were going to have to pay this back if we didn't make this decision that we've got to face up to. And my daughter Caroline, who's 10, was there, and she walked out with me at the end, and she said, "Just so you know, I'm not paying that back." [Laughter] She has the right attitude, I think. [Laughter]

The President. Just in case you're counting on it. [Laughter]

Sen. Bennet. But at the same time, this place looks broken to the American people. The ability—our ability to make these decisions is open to enormous question in the wake of the health care discussion, in particular. I had a woman the other day in Glenwood Springs, Colorado, ask me where she could get her lobbyist in Washington, DC.

What are we going to do differently? What are you going to do differently? What do we need to do differently as Democrats and Republicans to fix this institution so that our democracy can actually withstand the test that we're facing right now?

The President. Well, let me just make a couple observations, having served in the Senate and now seeing it from the perspective of the White House.

First of all, whenever people ask me, "Why isn't Washington working," I am a fierce defender of the integrity and hard work of individual Members, which is, by the way, matched up by, when you look at polls, people hate Congress, but individual Members, a lot of them feel are really working hard on their behalf.

So the problem here you've got is an institution that increasingly is not adapted to the demands of a hugely competitive 21st-century economy. I think the Senate in particular, the challenge that I gave to Republicans and I will continue to issue to Republicans is, if you want

to govern, then you can't just say no. It can't just be about scoring points. There are multiple examples during the course of this year in which that's been the case.

Look, I mentioned the filibuster record. We've had scores of pieces of legislation in which there was a filibuster, cloture had to be invoked, and then ended up passing 90 to 10, or 80 to 15. And what that indicates is a degree to which we're just trying to gum up the works instead of getting business done.

That is an institutional problem. In the Senate, the filibuster only works if there is a genuine spirit of compromise and trying to solve problems, as opposed to just shutting the place down. If it's just shutting the place down, then it's not going to work. That's point number one.

Point number two, in terms of what—how we operate, we as Democrats, I do think that the more open we are, the more transparent we are, the more people know exactly how things are working even if sometimes it takes longer to maintain that transparency, the better off we are.

And I think the health care bill is a perfect example. I mean, the truth of the matter is, is that the process looked painful and messy, but the innumerable hearings that were held did give an opportunity for the product to get refined so that I think that the ultimate package, after potential negotiations between the House and the Senate, is better than when—where we started. And there was a possibility and continues to be a possibility to be in discussions with the American people about what exactly that bill accomplishes.

On the other hand—and I take some fault for this—at the end of the process, when we were fighting through all these filibusters and trying to get it done quickly so that we could pivot and start talking about other issues that were so important to the American people, some of that transparency got lost. And I think we paid a price for it.

And so it's important, I think, to constantly have our cards out on the table and welcome challenges and welcome questions. If the Republicans say that they can insure every American for free, which is what was claimed to—the other day, at no cost, I want to know. [Laugh-

ter] Because I told them, I said, why would I want to get a bunch of lumps on my head doing the hard thing if you've got the easy thing? But you've got to show me, you've got to prove to me that it actually works, because I've talked to every health care expert out there, and it turns out, if you want to reform the insurance system, if you want to make sure that people without preexisting conditions are able to get insurance, if you want to provide coverage for people, if you want to bend the cost curve, then you need a comprehensive bill, because this is a complicated area involving one-sixth of our economy.

But we should be open to that dialogue and not underestimate the power of the American people over time—despite millions of dollars of advertising to the contrary from the insurance industry and others—we should not underestimate the American people's willingness to say, "Okay, I got it." And there are still going to be disagreements, and some will disagree with us. But we've got to constantly make our case, I think, and not play an insider's game. Play an outsider's game.

Last point I would make about this: You know what I think would actually make a difference, Michael? I think if everybody here—excuse all the members of the press who are here—if everybody here turned off your CNN, your FOX, your—just turn off the TV—

Sen. Reid. Blogs.

The President. —MSNBC, blogs, and just go talk to folks out there, instead of being in this echo chamber where the topic is constantly politics. The topic is politics. It is much more difficult to get a conversation focused on how are we going to help people than a conversation about how is this going to help or hurt somebody politically.

And that's part of what the American people are just sick of. They—because they don't care, frankly, about majorities and minorities and process and this and that. They just want to know, are you delivering for me? And we've got to, I think, get out of the echo chamber. That was a mistake that I think I made last year, was just not getting out of here enough. And it's helpful when you do. All right?

Sen. Reid. Mr. President, you've told me—suggested don't pay any attention to the

blogs, don't listen to talk radio, don't watch cable TV. And I follow that advice pretty good. [Laughter]

Next question will be from the chair of our Agriculture Committee, the Senator from Arkansas, Blanche Lincoln.

National Economy

Senator Blanche L. Lincoln. Me neither, Mr. President. I stay away from the TVs and everything else. But thank you so much for being here with us today. And I want to thank you also—I had an opportunity with several of my colleagues from the House and Senate to have a bipartisan meeting yesterday with the First Lady on childhood obesity. It was a great meeting, and we look forward to working with her and you and your administration to really tackle that problem on behalf of our children and the future of our country.

[*Sen. Lincoln made brief remarks, concluding as follows.*]

And I think that you're exactly right. People out there watching us, they see us nothing more than Democrats and Republicans up here fighting, fighting only to win a few political points, not to get the problem solved. And so I just—I want to echo, I guess, some of what my colleague, Michael Bennet from Colorado, mentioned, but also to ask to you, in terms of where we are going, what can we tell the people in terms of predictability and certainty in getting this economy back on track? How are we going to do that?

And are we willing as Democrats not only to reach out to Republicans but to push back in our own party for people who want extremes and look for the common ground that's going to get us the success that we need not only for our constituents but for our country in this global community, in this global economy? Are we willing as Democrats to also push back on our own party and look for that common ground that we need to work with Republicans and to get the answers? And it's really the results that are going to count to our constituents. And we appreciate the hard work that you put into it.

The President. Well, the—look, there's no doubt that this past year has been an uncertain time for the American people, for businesses, and for people employed by businesses. Some of that certainty just had to do with the objective reality of this economy entering into a freefall. And so let's just be—let's remind ourselves that if you've got an economy suddenly contracting by 6 percent, or a loss of trillions of dollars of wealth basically in the blink of an eye, or home values descending by 20 percent, that that's going to create a whole lot of uncertainty out there in the business environment and among families.

And part of what we've done over the course of this year is to put a floor under people's feet. That's what the Recovery Act did. That's what the interventions and the financial markets did. It broke the back of the recession, stabilized the markets. Nobody is talking about a market meltdown at this point. And people haven't recovered all that they had lost in their 401(k)s, but they're feeling a little better when they open that envelope now than they did 6 months ago. State budgets were in freefall; that was stabilized. States are still going through incredible pain, but they did not have to lay off teachers and firefighters and cops at the levels that they would have to otherwise lay them off. That provided some stability and some certainty. So the steps you've taken as a Congress, the steps we've taken as an administration, have helped to stabilize things.

Now, moving forward, Blanche, what you're going to hear from some folks is that the way to achieve greater—even greater economic growth—and keep in mind, the economy is now growing at a 6-percent clip, so the question is, when do businesses actually start hiring, because they're now making a profit—what you're going to start hearing is, the only way to provide stability is to go back and do what we'd been doing before the crisis.

So I noticed yesterday, when we were—there was some hearing about our proposal to provide additional financing to small businesses and tax credits to small businesses. Some of our friends on the other side of the aisle said: "This won't help at all. What you have to do is to make

sure that we continue the tax breaks for wealthiest Americans. That's really what's going to make a difference."

Well, if the agenda—if the price of certainty is essentially for us to adopt the exact same proposals that were in place for 8 years leading up to the biggest economic crisis since the Great Depression—we don't tinker with health care, let the insurance companies do what they want, we don't put in place any insurance reforms, we don't mess with the banks, let them keep on doing what they're doing now because we don't want to stir up Wall Street—the result is going to be the same.

I don't know why we would expect a different outcome pursuing the exact same policies that got us into this fix in the first place. Michael Bennet articulated it very well. Part of the reason people are feeling anxious right now, it's not just because of this current crisis; they've been going through this for 10 years. They've been working and not seeing a raise. Their costs have been going up; their spouses going to the workforce. They work as hard as they can; they're barely keeping their heads above water. They're trying to figure out how to retire. They're seeing more and more of their costs on health care dumped in their lap; college tuition skyrockets.

They are more and more vulnerable, and they have been for the last decade, treading water. And if our response ends up being, because we don't want to stir things up here, we're just going to do the same thing that was being done before, then I don't know what differentiates us from the other guys. And I don't know why people would say, "Boy, we really want to make sure that those Democrats are in Washington fighting for us."

So the point I'm making—and Blanche is exactly right—we've got to be nonideological about our approach to these things. We've got to make sure that our party understands that, like it or not, we have to have a financial system that is healthy and functioning, so we can't be demonizing every bank out there. We've got to be the party of business, small business and large business, because they produce jobs. We've got to be in favor of competition and exports and trade. We don't want to be looking backwards. We can't just go back to the New

Deal and try to grab all the same policies of the 1930s and think somehow they'd work in the 21st century.

So Blanche is exactly right that sometimes we get ideologically bogged down. I just want to find out what works, and I know you do too, and I know the people in Arkansas do too. But when you're talking to the folks in Arkansas, you also have to remind them, what works is not just going back and doing the same things that we were doing before. And, yes, there's going to be some transition time. If we have a serious financial regulatory reform package, will the banks squawk? Yes. Will they say, this is the reason we're not lending? Yes. The problem is, we know right now they're not lending, and paying out big bonuses. And we know that the existing regulatory system doesn't work.

So we shouldn't be spooked by this notion that, well, is now the time to take seriously, in an intelligent way, not in a knee-jerk way, the challenge of financial regulatory reform so that you don't have banks that are too big to fail and you're not putting taxpayers at risk and you're not putting the economy at risk? Now is the time to do it.

The same is true with health care. The same is true with health care. There are, I promise you, at least as many small businesses out there, if you talk to them, who will say, "I just got my bill from my health insurance, and it went up 40 percent." And we've got to do something for them. All right? All right.

Sen. Reid. Next question, the junior Senator from the State of New York, Kirsten Gillibrand.

Health Care for September 11, 2001, Terrorist Attack First-Responders

Senator Kirsten E. Gillibrand. Mr. President, I have an issue I'd like to—

The President. Here, Kirsten, we've got a mike for you.

Sen. Gillibrand. Thank you, Mr. President. I have an issue I'd like to raise that is very important to every New Yorker and to many, many Americans, and that's health care for our 9/11 responders and for all the communities that live near Ground Zero.

Now, these Americans hail from every one of the 50 States and every single congressional district in the entire United States.

The President. Right.

Sen. Gillibrand. And now, because of exposure to toxins from the collapse of the World Trade Center Towers, there's about 20,000 people who are sick, some of them gravely ill, suffering from serious health effects, some are disabled, some have died.

I've introduced legislation to provide permanent care and proper compensation for these Americans. And my question is, would you today commit to working with Congress to pass comprehensive 9/11—a comprehensive 9/11 health bill that's fully paid for?

The President. Well, I fully commit to working with you guys. Keep in mind that our budget already significantly increased funding precisely for this purpose. So I'm not just talking the talk; we've been budgeting this as a top priority for the administration.

I confess, Kirsten, I have not looked at all the details of your legislation. But I know that not only you and Chuck but everybody here wants to make sure that those who showed such extraordinary courage and heroism during 9/11, that they are fittingly cared for, and that's going to be something that we are going to be very interested in working with you on. All right?

Sen. Gillibrand. Thank you, Mr. President.

The President. Good.

Sen. Reid. The next question is the chairperson of the Environmental Public Works Committee, Senator Barbara Boxer.

Small Businesses/Bank Lending/National Economy

The President. Hey, Barbara Boxer.

Senator Barbara Boxer. Great to see you here, Mr. President. And thanks for doing this, and thanks for meeting with the Republican caucus at the House. I thought it was very instructive for the American people.

[*Sen. Boxer made brief remarks, concluding as follows.*]

So I want to ask you about small business. We all know they're the job creators; 64 percent of new jobs over the last 15 years came from small business. Your new proposal, which does mirror a couple of people—I look at Senator Merkley, I know Senator Warner and others, we've worked hard on this.

For community banks to lend, can you do that by Executive order? Because my understanding is you can use some of the TARP funds that were paid back and use that—or those funds that have not been used—can you use that and get this going by Executive order, or do you need us to put that program into a jobs bill?

And second, are you using your influence as much as you can to get the big banks to lend? They've dropped lending by \$12 billion over the last year, so I wonder if you can give us an update on that.

The President. First of all, I've now taken trips to Allentown, Pennsylvania; Elyria, Ohio; most recently—

Audience member. Baltimore.

The President. I was in Baltimore. [*Laughter*] Had a great time in Baltimore. [*Laughter*] Just recently in—

Sen. Reid. Searchlight.

The President. —Nashua, New Hampshire. Haven't been to Searchlight yet, but we're going to get there. [*Laughter*] And everywhere I go, you talk to small business, and they will tell you they are still experiencing a severe credit crunch. The larger businesses right now are able to get financing. Even the medium-size businesses, the credit markets have improved. Smaller businesses, even if they are making a profit and have not missed a payment, are finding that banks are averse to providing them capital.

Now, two reasons that they cite: One is they say their bankers are telling them that the regulators are just looking over their shoulder too much, and so the community banks feel that their hands are tied. These are independent regulators. They are diligent in doing their jobs. Obviously, they feel caught off guard because of the lax regulation, in some cases, of the banking industry before the financial cri-

sis. You get a sense that the pendulum has swung too far in the other direction.

The challenge that we've got is we've got to be careful because these are independent regulators, and we don't want to politicize that. But what Treasury Secretary Geithner and others have done is to discuss with the regulators what we are hearing in the field and to make sure that there is a consistency of approach that doesn't prevent banks from making what are good loans and taking reasonable risks.

So that's one thing we're hearing. The other thing, though, that is still out there is that the larger banks generally haven't been in this market; a lot of the smaller companies never had access to them in the first place. And we want to actually see if we can get more of those large banks to get into this marketplace. And when I met with the big bank CEOs, this was something that I pushed them on. They tell me, and we have seen some confirmation of this, that they are actually ramping up some of their small-business lending and setting up more aggressive divisions, actively seeking out loans.

So that's the effort that we're making to jawbone the private sector to do what it needs to do. In the meantime—you mentioned the specific proposals that we've put forward—I do think it's better to do them through legislation than through Executive order. TARP was a congressionally created structure with some fairly stringent guidelines in terms of how we were supposed to approach it. It shouldn't be hard to do though. It's a pretty simple concept. Banks have repaid money; there's \$30 billion that we could take that has already been repaid, immediately apply that to a fund so that small banks are—or community banks are able to provide their small-business customers with greater lending.

And I do think that getting that as part of a jobs package is priority number one. And I know I've already talked to Harry about this. My assumption is, is that if you combined that with the tax credits that we've put in place for hiring, the provisions that we've talked about to incentivize weatherization programs that can immediately start hiring people to retrofit homes and businesses and help reduce our energy costs, taking some of those immediate

steps now, I think, will pay some big dividends down the road.

And the timing of it is perfect, because our job last year was to make sure the economy was growing. The economy is now growing. But what's happening is businesses, either because they can't find financing or because they're still just dipping their toe in the water, have been hesitant to hire full-time workers. And for us to start giving them some serious incentives, giving them additional access to financing, could accelerate a process that otherwise could take a much longer time, and frankly, all those folks out there who are out of work right now, they just can't afford to wait any longer; they need it now. All right?

Sen. Reid. We have time for one or two more questions, if the question is short—

The President. And the answer is short. [Laughter]

Sen. Reid. Otherwise, we'll only have one question. The chairman of the Judiciary Committee, Pat Leahy.

Judicial Nominees and Federal Appointees

Senator Patrick J. Leahy. Mr. President, I want to thank you for coming here. I think this is—thank you for coming here. I was just whispering to Marcelle, these answers are so good and need to be heard.

You have a great sense of what the Federal judiciary should be. I think back to President Clinton's time, when the other side blocked 61 of his judges. You've had some superb judges. You've talked to both Republicans and Democrats, sent up some superb names. And Senator Reid still has to file a cloture. We have to spend a week of doing that, and then they pass by 100 to nothing or 90 to 10.

My thing is this: Because of what they did last time, we end up with the greatest shortage and the most judicial crises, I think, in our history. Will you continue to work very hard to get up names as quickly as possible so that we can do this, and help us get these judges through? I don't want the same judicial crises to occur. You've had good nominees. Can you commit to work with us, both parties, and keep trying to get them through?

The President. Good. Well, this is going to be a priority. Look, it's not just judges, unfortunately, Pat, it's also all our Federal appointees. We've got a huge backlog of folks who are unanimously viewed as well qualified, nobody has a specific objection to them, but end up having a hold on them because of some completely unrelated piece of business. That's an example, Michael, of the kind of stuff that Americans just don't understand.

On the judges front, maybe—we had a judge for the—coming out of Indiana, Judge Hamilton, who everybody said was outstanding; Evan Bayh, Democrat; Dick Lugar, Republican; all recommended. How long did it take us?

Sen. Reid. Six months.

The President. Six months, 6, 7 months for somebody who was supported by the Democratic and Republican Senator from that State. And you can multiply that across the board. So we have to start highlighting the fact that this is not how we should be doing business.

Now, in fairness, when we were in the minority, there were some times where we blocked judges, we blocked appointees. I think it's fair to say we were a little more selective in how we did it.

Audience member. A lot more.

The President. “A lot more,” somebody said. [Laughter]

So this is an example of where I'm going to reach out to Mitch McConnell; I know Harry has as well. And I'm just going to say, look, if the Government is going to work for the American people, I can't have the Administrator for GSA, which runs every Federal facility, all Federal buildings all across the country—here we are, we're trying to save billions of dollars, cut waste—Claire McCaskill has been all on top of how can we audit our spending, and we could save billions of dollars in ending old leases that don't work or renegotiating them or consolidating buildings and efficiencies—but I don't have a GSA Administrator, even though I nominated somebody who was well qualified several months ago, and nobody can tell me that there's anything particularly wrong with her. They're blocking her because of some unrelated matter. I don't know;

you guys may know better than I do. And that is—that has to end. It has to end. And the American people want it to end.

Let's have a fight about real stuff. Not a—don't hold this woman hostage. If you have an objection about my health care policies, then let's debate the health care policies. But don't suddenly end up having a GSA Administrator who is stuck in limbo somewhere because you don't like something else that we're doing, because that doesn't serve the American people. Then they don't know what the argument is about. Then it's just sort of a plague on both your houses, because it looks like you guys are just fighting all the time.

Sen. Reid. Mr. President—

The President. And we've got to put an end to that.

Sen. Reid. —I missed somebody on my list. If you would just be patient with us, we'll have two very short questions.

The President. I will indulge you, Harry.

Sen. Reid. Okay. The first question is going to come from the only person that's a Member of the United States Senate who has a spouse that's won a Pulitzer Prize, Sherrod Brown from Ohio. [Laughter]

Research and Development/Manufacturing Industry/Energy

Senator Sherrod C. Brown. Thank you for joining us. Thank you for your visit to Lorain County, Ohio, a week and a half ago—first Presidential visit to that county of 300,000 since Harry Truman in 1948.

The President. It was a great visit. We had a great time.

Sen. Brown. And you—it was terrific. Ten miles from there, at Oberlin College, one of the great private institutions of higher learning in this country—at Oberlin College, there was a building built there 7 or 8 years ago, fully powered by solar panels. It's the only—it's the largest building on any college campus in America like that. Those solar panels were bought in Germany and Japan, not surprisingly, Germany, a country that has both an energy policy and a manufacturing policy. And 75-miles west of there is Toledo, Ohio, where you've been several times, and Toledo has

more solar energy manufacturing—solar manufacturing jobs than any city in America.

It begs the question of two things in terms of manufacturing policy and energy policy. We have all kinds of things in so many of our States, manufacturing wind turbine components and solar panel components, but we're the only major industrial country in the world without a manufacturing policy. And every rich country in the world has one; we don't.

I know what you're doing with Ron Bloom in the White House and other things, but how do we get there? How do we—when we read these articles in the paper that China is just exploding in terms of wind turbine manufacturing and solar panel manufacturing, how do we rebuild our manufacturing sector with a manufacturing policy combined with an energy policy that gets us there?

The President. I hope people had a chance to read that article that was in the New York Times, I guess, last Sunday, talking about how China is not waiting, it is moving. And already the anticipation is, is that they will lap us when it comes to clean energy.

Now, they're not a democracy, and so they don't debate. [*Laughter*] And there are no filibuster rules. [*Laughter*] And so obviously, over the long term, a system that allows for robust debate and exchange of ideas is going to produce a better result. I believe that. But we have to understand that when it comes to some key issues like energy, we are at risk of falling behind.

We've already fallen behind, but it's not irrevocable because we still have the best research, we still have potentially the best technology, we've got the best universities, the best scientists, and as I said, we've got the most productive workers in the world. But we've got to bring all those things together into a coherent whole.

Now, I think there are a couple of elements to this. One, in terms of manufacturing generally—you just mentioned Ron Bloom, who we put in charge of a manufacturing task force, is just issuing now a report to me about the direction we need to go to have some coordination when it comes to manufacturing.

Now, this is not some big, bureaucratic, top-down industrial policy; it is figuring out how do

we coordinate businesses, universities, Government to start looking at where there are our strategic opportunities and then making those investments, filling holes that exist so that we can be competitive with what China is doing or what Germany is doing or what Spain is doing.

And my hope is, is that during the course of this year, we're going to be able to work with all 50 Senators, because all of you have a stake in this, to just see where are our manufacturing opportunities and where can we fill some—plug some holes in order to make sure that we're competitive internationally.

Specifically on clean energy, we know that's an opportunity. I continue to believe, and I'm not alone in this, that the country that figures out most rapidly new forms of energy and can commercialize new ideas is going to lead the 21st-century economy. I think that is our growth model.

Sen. Reid. Final question—

The President. But hold on a second.

Sen. Reid. Oh, I'm sorry.

The President. Just one last thing I want to say about this: In order for us to maximize it, part of it is the good work that Jeff has been doing in terms of just finding the right incentives. We've got to be openminded about a whole range of technologies. We've got to look at clean coal technology. We've got to look at nuclear technology.

We're going to be making some significant announcements this year. This is an example, Blanche, of where we can't be stuck in the past in terms of how we see these things. We're not going to be able to ramp up solar and wind to suddenly replace every other energy source anytime soon, and the economy still needs to grow. So we've got to look at how to make existing technologies and options better.

But—and this is just the point that I wanted to make because it came up in New Hampshire yesterday—we still—one of the best ways to be on the forefront in energy is to incentivize clean energy and discourage the old sources or methods that aren't going to work in the future.

And so the fact that Joe Lieberman is working with Lindsey Graham, John Kerry has been all over this, the three of them are coming together to try to find a workable, bipartisan

structure so that we are incentivizing and rewarding the future—and understanding that there's a transition so that we've got to make sure that the disruptions are minimized as we move into this new energy future—that's going to be vital.

So don't give up on that. I don't want us to just say the easy way out is for us to just give a bunch of tax credits to clean energy companies. The market works best when it responds to price. And if they start seeing that, you know what, dirty energy is a little pricier, clean energy is a little cheaper, they will innovate, and they will think things through in all kinds of innovative ways.

So I want to congratulate specifically John Kerry, Joe Lieberman, and Lindsey Graham, who it probably doesn't help him for me to compliment him—[laughter]—but has been very thoughtful in terms of how they're approaching this issue.

Sen. Reid. Final question, Evan Bayh, Indiana.

Democratic Party/Nondefense Discretionary Spending

Senator Evan Bayh. Thank you for being with us, Mr. President.

The President. Wait, no, no. We can get you a mike. Yes. Nice sneakers, by the way, Evan. [Laughter]

Sen. Bayh. Oh, thank you. You know? You've got to stay light on your feet around here, right? [Laughter] Mr. President, you've already addressed this in part, and several of the other questioners have raised this, but I'd like to present it in a little bit different way that I think is on the minds of people in my State, and perhaps in the minds of Independents and moderate Republicans and conservative Democrats around the country, and that's this issue of the deficit and rising debt and restoring the fiscal health of this country to a position where it ought to be.

[*Sen. Bayh made brief remarks, concluding as follows.*]

So my question to you, Mr. President, is, speaking to Independents, conservative Dem-

ocrats, moderate Republicans—people who know we have to do this—why should the Democratic Party be trusted? And are we willing to make some of the tough decisions to actually head this country in a better direction?

The President. Well, I'll tell you why the Democratic Party should be trusted, because the last time this budget was balanced, it was under a Democratic President who made some very tough decisions. So I mean, I think this is pretty straightforward. Bill Clinton made some very hard political decisions. Some of you were there in Congress. You know how tough those votes were. You got no help from the other side. But as a consequence, the economy took off, and you had a \$200 billion surplus at the end of his Presidency. So I think he deserves enormous credit for that. Those of you who took those votes deserve enormous credit for that. That's why we've had—we should have credibility.

But we're still haunted by the debates that took place from the seventies, the sixties. All right? And that hasn't completely worked through the political mindset. So we're still saddled with this notion of the tax-and-spend model when, if you actually look at it, we've been very fiscally responsible.

Now, having said that, we have been complicit in some ways over the last decade: I mean, the prescription drug bill, not paid for; two wars, not paid for; two tax cuts, not paid for; the emergence of a structural deficit that is only going to grow, because we all know that the biggest drivers are Medicare and Medicaid, and as people get older, as the population gets older, and as new technologies come on line, people are demanding new services for health care, those are going to become more and more expensive, and that's what's going to blow up the budget in the long term.

So to answer your question, how do we—having said that, there's no doubt that we've lost trust. And part of it was just, look, bad timing. It's like the cartoon, right? You're sort of standing there, and somebody suddenly hands you a ticking timebomb, and it explodes, and you've got all this gunpowder on your hands, and you didn't construct the bomb, but you're holding it.

And so what happened last year was, we come in. You got a \$1.3 trillion deficit that we're inheriting, you've got \$3 trillion revenue that are lost because of the recession, you've got an \$8 trillion projected debt over the next 10 years, and you've got trillions more in projected deficits when you start looking—counting entitlements. Kent—everybody has been looking at Kent Conrad's charts here for the last several years about it. And so at that very moment, suddenly the headlines that people are seeing is, "bank bailout," "recovery package," and it all kind of merges together into just this blob of spending, and people aren't seeing, how is this benefiting me. It just looks like Washington business as usual. And all that suspicion gets amplified. So it's completely understandable.

I think the way that we regain trust is to pursue good policies but not be afraid also to explain these policies and to be honest with the American people that we're not going to dig ourselves out of this hole overnight.

So a couple of things I've done: I have encouraged that we go back to PAYGO, pay as you go. People understand that concept: You pay as you go. I congratulate the Senate on voting for it. I expect the House to get it done. I want to sign that.

Sen. Reid. Not a single Republican.

The President. The second thing you already mentioned, is this nondefense discretionary freeze. One thing I want to mention though. It's not as if we're not going after defense as well. It's just it would be irresponsible when we have two wars for me to impose that same kind of limitation, tie my hands not knowing what contingencies may be needed. But if you look at what Bob Gates has been doing in the Defense Department in really going after some sacred cows over at the Pentagon, he's been serious about it. We've already saved billions of dollars. We intend to keep saving billions of dollars more on that front as well.

We've already proposed \$20 billion worth of savings for this year by eliminating and consolidating programs. Last year, we proposed 17 billion and we were pooh-poohed. Some of the editorials were all, "Uh-huh, 17, this is a pittance." You know, only in Washington is \$17 billion a pittance. But it also indicates one of the dangers

that we have, is that you've got to chip away at this problem. So every dollar counts. The work that Claire has done on auditing—if we can squeeze out 5 million here, 10 million here, make this program work a little bit better, over time it creates good habits, and it starts exercising the fiscal restraint muscles in ways that won't affect programming for people but will affect our bottom line. So we're moving aggressively. We hope this year we get that stuff done.

But what we also have to understand is that if I take all the steps that I've put forward, and Congress follows my lead on the nondefense discretionary spending, we're prudent in terms of defense spending, and we do all the things that we've talked about, we've still got this structural deficit that we've inherited.

Essentially, what my proposal does is to pay for the Recovery Act and the other extraordinary steps we had to take for last year so that I will have covered what happened on my watch. That's important to understand. Whatever spending that I had to take that was extraordinary, that you took with me, including the Recovery Act, if we follow my budget outline, we will have taken care of, paid for what happened on our watch.

But what we will not have solved is that huge structural deficit that existed the day I walked in. And we've got to be able to tell the truth to the American people, that that is hard to solve. And the reason it's hard to solve is most of it is coming from entitlements that people like. And it has to do with the fact that there's this huge gap between the amount of money being paid out and the amount of money coming in.

And everybody understands this here, but I think that there's a misperception in the public. If you ask your average constituent, "Where does Federal dollars go?" they'll tell you, "Foreign aid." And you say, "Well, foreign aid accounts for 1 percent of our budget." And then they'll say, "Well, earmarks."

Look, I think we have to discipline ourselves on earmarks just because, symbolically, I think people—it makes people feel like we're not showing the same kind of discipline that they are. Even for worthy projects, you've still got to make choices. So they're absolutely right about

that. But earmarks account for about 1 percent of the budget.

All right, so even if we eliminated all foreign aid and all earmarks, it doesn't solve our problem. And as far as the arguments that our colleagues on the other side of the aisle are making, I think it's important to explain to people that in order for us to balance the budget while exempting entitlements, no new revenues, you'd have to cut nondiscretionary defense spending by 60 percent—cut it by 60 percent. That's everything—student loans, NASA, veterans programs—you name it, we'd have to cut by 60 percent. Six-zero.

That's just not going to happen. That's why we called for the commission, because we've got to look at some tough, long-term policy objectives. And that's why we've got to—and I will personally do this, I will say to my Republican friends, I want to solve it. I don't want to play politics on it, but you've got to step up, you've got to fill these slots with this commission that we're going to set up, put these people in a room, and actually solve some of these problems. And I hope they do.

And maybe I'm naive. I'm still counting. Evan, on the notion that good policy over the

long term is good politics. If you do the right thing and you explain it clearly and you do it openly, I'm confident that the American people—you can have an adult conversation and say, this is not going to be easy, this is not going to be painless, we're going to be struggling for a while, but our future is bright. And if we show the same grit and determination that previous generations have shown, I have every confidence that we are going to have a 21st century that was the American century, just like the 20th.

All right? Thank you, everybody. God bless you.

NOTE: The President spoke at 10:09 a.m. at the Newseum. In his remarks, he referred to Sen. Charles E. Schumer; Judge David F. Hamilton, 7th Circuit, U.S. Court of Appeals; Martha N. Johnson, Administrator-designate, General Services Administration; Treasury Department Senior Adviser for Auto Issues Ron Bloom, in his capacity as Senior Counselor to the President for Manufacturing Policy; and Sen. Jeffrey A. Merkley. Sen. Leahy referred to his wife Marcelle. Sen. Reid referred to Connie Schultz, wife of Sen. Brown.

Remarks During a Meeting With the Nation's Governors February 3, 2010

The President. Well, listen, I just want to personally welcome all the Governors who are here today. As I said at the State of the Union last week, I am convinced that whoever builds a clean energy economy, whoever is at the forefront of that, is going to own the 21st-century global economy. Last year, we made the largest investment in clean energy in our history. It's an investment that's already leading to new jobs and new businesses across the country. You've got solar panel production in California. You got advanced batteries in North Carolina. Every State is starting to take advantage of a lot of what's already been done.

But if anybody read the story in the New York Times last Sunday, countries like China are moving even faster. And they're very aggressive about wanting to make sure that these clean energy jobs are in their countries. And as

I said at the State of the Union, I'm not going to settle for a situation where the United States comes in second place or third place or fourth place in what will be the most important economic engine in the future.

Now, there's no reason that we shouldn't be able to work together in a bipartisan way to get this done. I know that there is some concern about how energy fits together with climate change. I happen to believe that climate change is one of the reasons why we've got to pursue a clean energy agenda, but it's not the only reason. So even if you don't believe in the severity of climate change, as I do, you still should want to pursue this agenda. It's good for our national security and reducing our dependence on foreign oil. It's good for our economy because it will produce jobs.